

Eden District Council

Executive

31 May 2011

Scrutiny Co-ordinating Board

14 July 2011

Efficiency Monitoring: April 2010 to March 2011

Report of the Director of Finance

1 Purpose of the Report

1.1 This is the quarterly efficiency monitoring report.

2 Recommendation

It is recommended that Members note the report.

3 Report Details

3.1 The Council set an efficiency savings target for each year in the 2008-11 efficiency regime. The target for 2010-11 is £180,000.

3.2 The purpose of the report is to ensure that progress against the target is effectively monitored.

4 Outturn Against Target

4.1 The outturn is as follows:

Saving Area	Projected Annual Saving £'000	Note
Savings continuing from 2009-10	193	1
Net savings in 2010-11:		
Printer leases	1	2
Postage	2	3
Destination management system	4	4
Planning adverts	2	5
Car mileage	35	6
Production of Year Book	1	7
CRB checks	2	8
Recycling calendars	2	9
Printer leases: more	6	10
Tourism guides	5	11
Parking assistant	1	12
Total	<u>254</u>	

- Note 1 See report F37/10: Executive, 1 June 2010.
- Note 2 The renewal of the printer leases realised a saving of £1,400.
- Note 3 The previously reported measures to reduce postage costs have made further £2,000 savings in the Revenues and Benefits budgets.
- Note 4 The renewal of the licence realised a saving of £4,000.
- Note 5 The information put in planning advertisements is to be rationalised.
- Note 6 From April 2010, car mileage is restricted to the middle band.
- Note 7 Cheaper production.
- Note 8 Rationalised approach to CRB checks and reduced numbers required.
- Note 9 Cheaper production.
- Note 10 Note 2 above referred to the print room printers - a new all inclusive contract has been negotiated for all the other printers. The annual saving is just over £6,000. The saving in 2010-11 is £3,000, as the contract started in October 2010.
- Note 11 Two of the main guides have been produced more cheaply, whilst maintaining quality.
- Note 12 An annual saving of £7,000 has been achieved by re-engineering the function of parking administration: the part-year effect is shown.

4.2 The above shows that the Council has exceeded its 2010-11 efficiency target of £180,000. The above figures are based on provisional figures. If there are any major changes following the finalisation of the accounts, an amendment will be brought back to this Committee.

5 Government Efficiency Regime

- 5.1 The DCLG (Department for Communities and Local Government) announced the abandonment of all the National Indicators (NIs) that local authorities are required to collect and report on. Whilst councils will be required to collect some the NIs until the end of the year, the quarterly submission of NI 179 (cumulative efficiency savings) returns to the DCLG have been discontinued.
- 5.2 However, when the quarter 2 report was considered, it was agreed it would be sensible for the Council to continue monitoring against its local target for the remainder of the financial year. It was noted that the position will be reviewed after the year-end.
- 5.3 A revised approach to monitoring efficiency savings was agreed by the Resources Portfolio Holder at the meeting on 18 April 2011. The report considered is set out as an Appendix. As noted in section 5.3 of that report, *'The main change is that an efficiency savings target will no longer be set and reported upon. However, there is benefit in identifying areas where efficiencies have been made. The Director of Finance will e-mail Section Heads quarterly to ask them what efficiencies they have made (this is currently done as part of the monitoring against efficiency targets).'*

These will be reported on a quarterly basis to the informal Resources Portfolio meeting and published as an annual efficiency report, which will be posted on both the Corporate and Members' Bulletin Boards.'

6 Policy Framework

6.1 The Council has four corporate priorities which are:

- Affordable Housing
- Quality Environment
- Economic Vitality
- Quality Council

Council, on 7 February 2008, agreed fifteen strategic actions to achieve these priorities.

6.2 The Council's approach to efficiency is part of the Council's overall financial management arrangements, which help to underpin the budgetary and policy framework.

7 Implications

7.1 Legal

7.1.1 There are no implications.

7.2 Financial

7.2.1 In adopting the Corporate Plan 2011-14, the Council confirmed its use of its stated Resource Allocation Categories. These help the Council prioritise the allocation of funding to reflect corporate priorities. The financial implications of any proposal must be consistent with this.

7.2.2 The financial implications are dealt with in section 4.

7.3 Equality and Diversity

7.3.1 The Council has to have regard to the elimination of unlawful discrimination and harassment and the promotion of equality under the Equalities Act 2010 and related statutes.

7.3.2 There are no implications.

7.4 Environmental

7.4.1 The Council has to have due regard to conserving biodiversity under the Natural Environment and Rural Communities Act 2006.

7.4.2 There are no implications.

7.5 Crime and Disorder

7.5.1 Under the Crime and Disorder Act 1998, the Council has to have regard to the need to reduce Crime and Disorder in exercising any of its functions.

7.5.2 There are no implications.

7.6 Children

7.6.1 Under the Children's Act 2004, the Council has to have regard to the need to safeguard and promote the welfare of children in the exercise of any of its functions.

7.6.2 There are no implications.

7.7 Risk Management Implications

7.7.1 Risk Management is a process whereby attempts are made to identify, actively control and reduce risk to protect the Council. This covers not only the traditional areas of insurable risk, but also the organisational risk that the Council faces in undertaking all its activities.

7.7.2 There are two main risks in seeking and achieving efficiencies:

- the Council sets an unrealistic efficiency target - this was discussed fully when the targets were set for the 2008-11 period. It is considered that the Council has set a realistic and achievable target;
- efficiency targets are not met - regular monitoring should help to ensure that targets are met.

D J Rawsthorn
Director of Finance

Governance Checks:

Checked by, or on behalf of, the Chief Finance Officer	✓
Checked by, or on behalf of, the Monitoring Officer	✓

Background Papers:

Department for Communities and Local Government (DCLG) Guidance
Director of Finance efficiency file
Reports F37/10, F64/10, F82/10 and F13/11

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Eden District Council

Resources Portfolio

18 April 2011

Efficiency and Value for Money Policy

Report of the Director of Finance

1. Purpose of Report

- 1.1 This reports sets out a proposed Efficiency and Value for Money (VFM) Policy.

2. Recommendation

It is recommended that the appended Efficiency and Value for Money Policy is agreed.
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3. Background

- 3.1 The second triennial Government efficiency regime (2008-11) has just petered out (31 March 2011). There is no further regime.
- 3.2 Throughout the life of the regime, efficiency savings were monitored and reported to Management Team and the Executive on a quarterly basis. This, and several other actions, helped to demonstrate an effective approach to identifying and achieving efficiencies.
- 3.3 With the demise of the regime, we need to ask whether something is needed in its place.

4. External Auditor's VFM Conclusion

- 4.1 Whilst Use of Resources is no more, the external auditor has to conclude whether, or not, the Council gives VFM. This is done as an adjunct to the annual accounts.
- 4.2 It would help to give the auditor evidence for his judgement if we had a statement of how the Council secures VFM.

5. Proposed Efficiency and VFM Policy

- 5.1 A proposed Policy, modelled on that of South Lakeland District Council (SLDC), is attached at Appendix A.
- 5.2 The Policy largely refers to things that we have done for some time.
- 5.3 The main change is that an efficiency savings target will no longer be set and reported upon. However, there is benefit in identifying areas where efficiencies have been made. The Director of Finance will e-mail Section Heads quarterly to ask them what efficiencies they have made (this is currently done as part of the monitoring against

efficiency targets). These will be reported on a quarterly basis to the informal Resources Portfolio meeting and published as an annual efficiency report which will be posted on both the Corporate and Members' Bulletin Boards.

6. Policy Framework

6.1 The Council has four corporate priorities which are:

- Affordable Housing;
- Quality Environment;
- Economic Vitality;
- Quality Council.

Council, on 10 February 2011, agreed strategic actions to achieve these priorities.

7. Implications

7.1 Legal

7.1.1 This policy will not form part of the policy and budgetary framework. As such it can be agreed by the Resources portfolio holder.

7.2 Financial

7.2.1 In adopting the Corporate Plan 2011-14, the Council confirmed its use of its stated Resource Allocation Categories. These help the Council prioritise the allocation of funding to reflect corporate priorities. The financial implications of any proposal must be consistent with this.

7.2.2 There are no direct financial implications arising from this report.

7.3 Equality and Diversity

7.3.1 The Council has to have regard to the elimination of unlawful discrimination and harassment and the promotion of equality under the Equality Act 2010 and related statutes.

7.3.2 An equality impact assessment is attached to the proposed policy at Appendix B.

7.4 Environmental

7.4.1 The Council has to have due regard to conserving biodiversity under the Natural Environment and Rural Communities Act 2006.

7.4.2 There are no direct environmental implications arising from this report.

7.5 Crime and Disorder

7.5.1 Under the Crime and Disorder Act 1998, the Council has to have regard to the need to reduce crime and disorder in exercising any of its functions.

7.5.2 There are no crime and disorder implications arising from this report.

7.6 Children

7.6.1 Under the Children's Act 2004, the Council has to have regard to the need to safeguard and promote the welfare of children in the exercise of any of its functions.

7.6.2 There are no children implications arising from this report.

7.7 Risk Management Implications

7.7.1 Risk Management is a process whereby attempts are made to identify, actively control and reduce risk to protect the Council. This covers not only the traditional areas of insurable risk, but also the organisational risk that the Council faces in undertaking all its activities.

7.7.2 There is little or no risk associated with this report.

8. Reason for Decision/Recommendation

8.1 It is considered that the proposed policy clearly sets out the Council's approach to ensuring it works in an efficient manner to secure value for money.

D J Rawsthorn
Director of Finance

Background Papers:

External auditor VFM judgement 2009-10
SLDC Efficiency and Value for Money Policy

Contact Officer: David Rawsthorn
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Governance Checks:

Checked by, or on behalf of, the Chief Finance Officer	✓
Checked by, or on behalf of, the Monitoring Officer	✓

Efficiency and Value for Money Policy

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Efficiency and Value for Money Policy

1. Introduction

Value for Money (VFM) is defined as the relationship between **economy**, **efficiency** and **effectiveness** ('3Es'). Achieving VFM means achieving a balance between all three: relatively low costs, high productivity, and valued outcomes.

This is consistent with the duty of Best Value placed on the Council under the Local Government Act 1999 to "secure continuous improvement in the way in which [it] exercises [its] functions, having regard to a combination of economy, efficiency and effectiveness". As part of the annual audit the Council's external auditor is required to state whether, or not, the Council provides VFM.

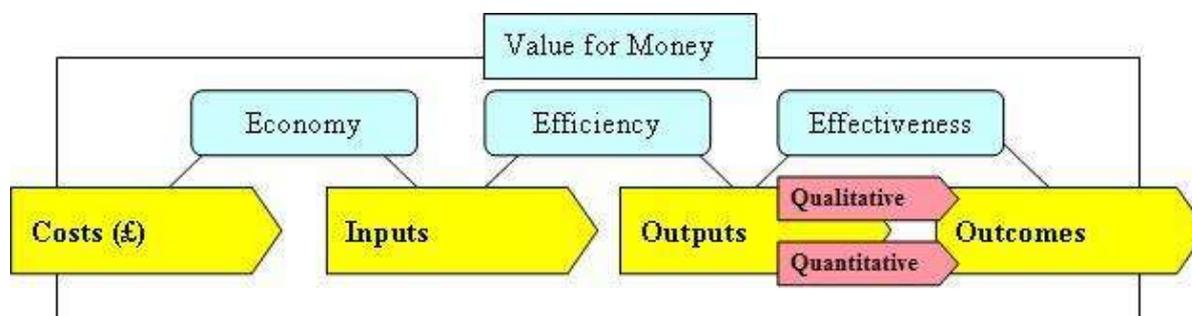
The Council recognises its duty of Best Value and its responsibility to achieve VFM in service delivery. It will seek to incorporate VFM principles in delivering services by taking account of **costs**, **quality** of services and the local **context**.

2. Objectives

The Objectives of this Efficiency and VFM Policy are to identify the principles of VFM and to ensure that these principles are reflected in the Council's service planning and delivery.

3. VFM Principles

The principles of VFM are illustrated in the following diagram:



VFM comprises Effectiveness, Efficiency, and Economy. The Audit Commission defines these as:

- **Effectiveness** - assesses the impact of spend by reviewing outcomes. For demand-led services, it reviews whether demand is being managed effectively. For example, reducing the need for residential accommodation for older people through better use of community services; or the number of emergency hospital admissions through better primary care; or the number of fire incidents through community fire safety work.
- **Efficiency** - assesses productivity. That is how much you get out for what you put in. It covers the efficiency of the service model, for example, where there is a choice, are services used that are most efficient with better outcomes?
- **Economy** - assesses what goes into providing a service?

4. Putting the Principles into Action

To demonstrate VFM, the Council will seek to achieve the optimum balance between the above principles and strive for continuous improvement in all aspects of service delivery by the following means:

a) Identifying Local Needs and Priorities

We will:

- involve stakeholders through the use of the County-wide Community Voice, user-satisfaction surveys and other customer feedback;
- identify priorities to meet the needs of our community, both as an individual service provider and a partner, and ensure that these take account of national and regional priorities;
- ensure that community needs and priorities are reflected in our plans and strategies, eg Community Strategy, Corporate Plan, Resources Plan and Service Plans.

b) Securing Resources at the Appropriate Price Having Regard to the Level of Quality Required

We will:

- implement our Procurement Strategy to secure the most advantageous combination of price and quality;
- consult, and work in partnership with, as appropriate, other public and private sector service providers;
- use all appropriate methods to achieve economies, including e-procurement, joint working, shared services and market testing;
- procure the Council's operational services and leisure management by competitive tendering;
- build on the existing successful shared services to deliver further shared services;
- restrict any budgetary growth and increases in Council Tax to the minimum necessary to achieve our declared aims;
- strive to attract external funding to supplement our own resources where appropriate;
- ensure that long term ('whole life') costs are taken into account in the acquisition of resources.

c) Allocating Resources in Accordance with Agreed Aims

We will:

- allocate our resources in line with the Council's priorities, as stated in its Corporate Plan - the Council has allocated each of its services to one of four Resource Allocation Categories to reflect the priority given to that service;

- ensure that resources are allocated in accordance with our plans and strategies, including our Medium Term Financial Strategy and Annual Budget;
- continuously seek to identify opportunities for increased efficiency without adversely affecting service quality.

d) **Ensuring Services are Delivered to Meet Customers' Needs, Utilising the Minimum Level of Resources Required and By the Most Appropriate Means, Including via Partnerships**

We will:

- deliver services in accordance with our Business Plans and Customer Service Strategy;
- monitor cost levels to ensure they are commensurate with agreed service quality.

e) **Reviewing Service Delivery to Ensure Good Practice is Adopted and to Secure Continuous Improvement**

We will:

- adopt working practices, independently and in partnership - to support the drive for increased efficiency and effectiveness, including promoting the use of electronic service delivery and working with other service providers as appropriate;
- keep pricing policies under review to ensure that existing prices are at market levels and to identify new opportunities for charging;
- regularly monitor performance, ensuring elected Members have quality information to perform the scrutiny function;
- compare the Council's performance with that of other similar service providers;
- regularly review asset use through the Asset Management Group;
- challenge our own performance by a variety of methods, for example, through service reviews, scrutiny exercises, budget reviews, human resource reviews and compliance with our corporate governance arrangements, as set out in the Annual Governance Statement, internal audit reports and external auditor reports.

f) **Member Lead**

To ensure that VFM and efficiency is at the heart of the Council's activity, the Resources Portfolio Holder is the Council's VFM and Efficiency Champion.

5. Responsibilities

While everyone within the Council has a general duty to ensure that the Council provides VFM services, responsibilities may be summarised as follows:

Body	Responsibility
Executive and Council	Ensuring that their direction of the Council is consistent with the principles set out in the VFM and Efficiency Policy.
Resources Portfolio Holder	Being VFM and Efficiency Champion. Receiving quarterly reports on efficiency savings. Approving the annual efficiency report.
Scrutiny Members	Holding the Executive to account in their duty to deliver VFM. Undertaking an annual programme of scrutiny reviews. Undertaking an annual review of VFM against comparator councils.
Management Team	Ensuring that the Council's strategic direction is consistent with the contents of this Policy.
Section Heads and all Officers	Ensuring that services are delivered in the most cost-effective way and that services are kept under continuous review to identify efficiencies.

Impact Assessment - Efficiency and Value for Money Policy

1. Stakeholders

Who are the stakeholders in relation to this policy?

The main stakeholders are the Elected Members, officers of the Council and Council Tax payers.

2. Differing Requirements

Is there any evidence that different groups could be affected differently, or have alternate needs, experiences, issues and priorities in relation to the policy/strategy?

Characteristic	Yes	No	Not Known
Age		X	
Urban/Rural Resident		X	
Disability		X	
Gender		X	
Racial Group		X	
Religion/Belief		X	
Sexual Orientation		X	

3. Evidence of Differing Requirements

If you have answered 'Yes' to any of the above characteristics, please describe either from local or national intelligence how different groups might be adversely affected by this policy/strategy, or could have different needs, experiences, issues, or priorities, in relation to the policy/strategy

N/A.

4. Addressing the Likely Effects of the Policy/Strategy

Please describe how differing needs/experiences, issues and priorities of the group(s) of people you have highlighted will be addressed.

N/A.

5. Opportunity to Promote Further

Is there an opportunity to promote equality of opportunity or community relations more effectively by altering the policy/strategy, or by working with others?

No.

6. Future Data Requirements

What data is required in the future to ensure effective monitoring and who will monitor the policy/strategy?

None.